



House of Representatives

General Assembly

File No. 125

February Session, 2004

House Bill No. 5548

House of Representatives, March 17, 2004

The Committee on Insurance and Real Estate reported through REP. OREFICE of the 37th Dist., Chairperson of the Committee on the part of the House, that the bill ought to pass.

AN ACT CONCERNING RESIDUAL PAYMENTS MADE TO HEIRS AND ASSIGNEES OF INSURANCE PRODUCERS AND WAIVER OF CERTAIN PRODUCER EXAMINATION REQUIREMENTS.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Subsection (c) of section 38a-702l of the general statutes is
2 repealed and the following is substituted in lieu thereof (*Effective*
3 *October 1, 2004*):

4 (c) Renewal or other deferred commissions may be paid to a person,
5 or an heir or assignee of the person, for selling, soliciting or negotiating
6 insurance in this state if the person was required to be licensed under
7 sections 38a-702a to 38a-702r, inclusive, at the time of the sale,
8 solicitation or negotiation and was so licensed at that time.

9 Sec. 2. Section 38a-702h of the general statutes is repealed and the
10 following is substituted in lieu thereof (*Effective October 1, 2004*):

11 (a) Except as provided in section 38a-702g or 38a-702n, an

12 individual who applies for an insurance producer license in this state
 13 and who was previously licensed for the same lines of authority in
 14 another state shall not be required to complete any prelicensing
 15 education or examination if the application is received not later than
 16 ninety days after the cancellation of the applicant's previous license
 17 and if the prior state issues a certification that, at the time of
 18 cancellation, the applicant was in good standing in that state or the
 19 state's producer database records, maintained by the National
 20 Association of Insurance Commissioners, its affiliates or subsidiaries,
 21 indicate that the producer is or was licensed in good standing for the
 22 line of authority requested.

23 (b) A person licensed as an insurance producer in another state who
 24 moves to this state shall make application not later than ninety days
 25 after establishing legal residence to become a resident licensee
 26 pursuant to section 38a-702e. No prelicensing education or
 27 examination shall be required of such person for any line of authority
 28 previously held in the prior state except where the commissioner
 29 determines otherwise by regulation, which the commissioner may
 30 adopt in accordance with chapter 54.

31 (c) The commissioner may waive the requirement of an examination
 32 for a license to act as a producer for (1) property and casualty
 33 insurance in the case of any applicant who has been awarded the
 34 professional designation of Chartered Property and Casualty
 35 Underwriter, and (2) life and accident insurance in the case of any
 36 applicant who has been awarded the professional designation of
 37 Chartered Life Underwriter.

This act shall take effect as follows:	
Section 1	October 1, 2004
Sec. 2	October 1, 2004

INS *Joint Favorable*

The following fiscal impact statement and bill analysis are prepared for the benefit of members of the General Assembly, solely for the purpose of information, summarization, and explanation, and do not represent the intent of the General Assembly or either House thereof for any purpose:

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 05 \$	FY 06 \$
Insurance Dept.	IF - Revenue Loss	Minimal	Minimal

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill changes the conditions under which insurance renewal or deferred commission can be paid. Also, under the bill, the commissioner has the authority to waive the pre-licensing examination requirement if the insurance producer has been granted a professional designation of Chartered Property and Casualty Underwriter (CPCU) for property and casualty insurance producers or Chartered Life Underwriter (CLU) for life and accident insurance producers. There is an examination fee of \$7 for each applicant, whether administered by a third-party or the department. The amount of applicants that will receive a waiver from the commissioner is unknown, however, there will be a minimal revenue loss.

OLR Bill Analysis

HB 5548

***AN ACT CONCERNING RESIDUAL PAYMENTS MADE TO HEIRS
AND ASSIGNEES OF INSURANCE PRODUCERS AND WAIVER OF
CERTAIN PRODUCER EXAMINATION REQUIREMENTS*****SUMMARY:**

This bill allows insurance renewal or deferred commissions to be paid to a producer's heir or assignee, if the producer sold, solicited, or negotiated insurance in the state while appropriately licensed. Under current law, only the producer, a person licensed to sell, solicit, or negotiate insurance in the state, may be paid a renewal or deferred commission.

The bill also authorizes the insurance commissioner to waive the pre-licensing examination requirement for (1) property and casualty insurance producers who have received the professional designation of chartered property and casualty underwriter (CPCU) and (2) life and accident insurance producers who have received the professional designation of chartered life underwriter (CLU). CPCU and CLU designation requirements typically include (1) at least eight semester-long courses and an exam for each, (2) 36-months of industry experience, and (3) an ethics component.

EFFECTIVE DATE: October 1, 2004

COMMITTEE ACTION

Insurance and Real Estate Committee

Joint Favorable Report

Yea 16 Nay 1